

**Statement of Philip A. Leone
Staff Director
JLARC Transportation Studies
November 13, 2001**

This morning we present to you our two studies on transportation in Virginia. The first study deals with the allocation of funds for highway construction and transit in Virginia, and the second is a review of the maintenance program administered by the Virginia Department of Transportation (VDOT). These studies were directed by the Commission at its November 2000 meeting.

As you know, Mr. Chairman, nearly 20 years ago the Commission recommended changes to the highway allocation formula which were adopted by the General Assembly. These formulas have not changed since the JLARC study. However, during this time period dramatic population shifts have occurred in Virginia. The Commonwealth's population in the urban crescent has grown 45 percent compared to 13 percent for the remainder of the State. Population in Northern Virginia has increased 67 percent. This population growth has impacted the State's transportation needs.

It is not surprising, then, that we found the current system for allocating funds no longer meets the Commonwealth's needs and that fundamental changes in the process may be warranted. After reviewing the current allocation process, we have concluded that making marginal or incremental changes will do little to address the shortcomings identified in our analysis. I would bring your attention to three key aspects of this finding.

First, the current process for assessing the needs on Virginia's highways is flawed, and should be abandoned in favor of a new, more objective approach. For several years the Secretary of Transportation and VDOT have argued that the current needs assessment approach is little more than a wish list and should not be used to determine either allocations or the adequacy of transportation funding. We concur.

Because of its concerns about the needs assessment process, VDOT committed little effort to the most recent assessment, and we found that it is unusable for any systematic analysis. Our report proposes a new method based on models developed for the states by the Federal Highway Administration. This new approach is in use in Indiana and Oregon, and has been validated by the U.S. General Accounting Office.

Second, in the current environment of limited resources, it is more important than ever that highway construction funds be directed to roads of the highest priority. The current allocation process spreads available funding across too many road categories. The end result is that too little funding is available for large construction projects of statewide or regional importance. Our report recommends that the primary,

secondary, and urban systems be discontinued and replaced with funding categories based on whether roads have statewide, regional, or local use.

The functional classification system already in use by VDOT can serve as the basis for these funding categories. As late as 1992 the General Assembly expressed concerns about VDOT's classification of Virginia's highways and roads in a joint resolution requesting a study of highway classifications. We share that concern. Our report uses the functional classifications to establish new statewide, regional, and local funding allocation categories instead of VDOT's older, outdated administrative systems.

With the new assessment of needs and the functionally-based categories, we found that almost three-fourths of available funds should be directed to highways of statewide and regional significance. Some heavily traveled roads in the current secondary and urban systems would be included in the statewide and regional funding categories. We also recommend that the replacement of bridges be given a higher priority with the establishment of a dedicated bridge fund.

Our report proposes that the Commonwealth Transportation Board be given greater flexibility to allocate funds to projects in the statewide allocation category. For roads in the regional category, we found that an allocation formula based on registered vehicles most closely approximates highway needs in the regions and should be used to set the regional allocation. We also found that drawing new geographic areas would improve the allocation of funds. The Governor's Commission on Transportation Policy, chaired by Mr. Kenneth Klinge, found that the current VDOT districts were outdated and not related to any transportation purpose. We agree. Our report proposes new regions for funding based on the areas of the three major metropolitan planning organizations and the Commonwealth's other major transportation corridors.

Our analysis indicates that funding for local roads should be allocated by a formula based on centerline miles of road and the number of registered vehicles in each county, city, and town. We also recommend that funding for local roads in counties be combined with unpaved road funds to give boards of supervisors more flexibility in addressing local priorities.

Third, we found that the Virginia Transportation Act, passed in the 2001 Session, limits the authority of the Commonwealth Transportation Board and makes the programming of funds for projects more difficult. On one hand, the legislature's frustration with the department's apparent inability to move forward with priority projects was justified. The VTA has provided much needed funding for construction projects. On the other hand, the VTA adds complexity to the funding of projects. The Secretary of Transportation, some members of the Commonwealth Transportation Board, and local officials have said that the VTA

makes it difficult for the board to carry out its statutory responsibilities and for the department to allocate funds to projects. We agree.

Our report recommends that the General Assembly revisit its role in the allocation of highway construction funds and take a more long-term approach to influencing project allocations by reserving for itself appointment of the existing five at-large members of the Commonwealth Transportation Board. This and the other proposals in the report are all designed to ensure that available funds for highway construction are directed to the highest priorities.

Now, Mr. Chairman, I would like to make a few comments about the report on highway maintenance. In directing the staff to complete the maintenance study the Commission asked specifically that we look at the adequacy of resources and the status of VDOT's use of asset management. As a first step in addressing the question of the adequacy of resources, we used VDOT data on pavements and bridges to examine the condition of Virginia's highways. We found that interstate and primary highways are generally in good condition, but about 20 percent of the pavements in these two major systems are deficient. The cost to address these current deficiencies is estimated to be at least \$105 million, or more than twice the annual amount that VDOT currently spends on pavements.

We also found in an analysis of bridges that 40 percent of the bridges maintained by VDOT are in need of maintenance or rehabilitation. The cost to address these bridge repair needs could be as high as \$1.5 billion. Obviously, VDOT cannot address all of these maintenance needs in a single year, and certainly, the costs for maintenance will likely always outpace available funding. However, the costs for current maintenance needs in pavements and bridges point to the need for the Commonwealth Transportation Board to reassess the adequacy of maintenance funding over the long term.

As you know, State law requires maintenance to be funded as the first priority. But given maintenance needs on highways and bridges, it appears that current maintenance funding may be constrained. In addition, level funding of the maintenance program over the next four years as proposed in the six-year plan also appears unrealistic. In fact, maintenance funding for the period through fiscal year 2007 may be understated by as much as \$670 million. Since actual spending for maintenance in those years will likely keep pace with prior years, this unrealistically overstates the funding that will be available for the construction program.

In addition, the asset management approach proposed for VDOT's own maintenance program has not been implemented because of delays in the automated systems needed to support it. Unfortunately, VDOT has already abandoned its old system for measuring maintenance productivity, so now it is left without a

systematic way of assessing either statewide needs or accomplishments. The department's highest priority with regard to the maintenance program should be on full implementation of asset management so that it can properly fund and maintain the Commonwealth's growing system of highways.

In conclusion, Mr. Chairman, the message in these two reports is this: Given the limited resources for transportation programs, it is essential that the State redirect its funding where it achieves the greatest benefit. In the construction program, this means allocating more funds for highways and bridges of statewide and regional significance. In the maintenance program, it means putting in place the management tools necessary to protect the Commonwealth's investment in highways and ensuring that adequate funding is provided to do the job.

* * *